

Inflation brings worries to strong economies

By Colin Milburn

Germany, with its bitter memories of the political consequences of inflation, sometimes seems more worried about the British and American economies than the British and Americans are themselves.

At the moment Europe and America's problems are purely economic, but for all the brave attempts to fight the disease in London and Washington, it is still as dangerous as ever and giving signs of growing worse.

Britain has already experienced a period of high inflation within recent years, and with the present industrial and economic problems may be heading for another dose, while the situation in the US, although not out of control, has rarely been as bad. With the exception of 1974, the present US inflation rate of nine per cent is the worst for 32 years.

Neither country has ever suffered from hyper-inflation, and a breakdown of democracy, followed by a dictatorship, and this may account for the fact that some of the measures introduced to control the problem have been too little and too late, particularly as far as America is concerned. The people of Britain seem more concerned about low pay, even though the cure for that may be worse than the illness.

One country which has known all the problems is Germany, which at present is ringed by countries with inflation problems. Massive inflation and economic ruin followed Germany's defeat in the First World War, bringing about the rise of Fascism, and leading to the Second World War.

The present West Germany has no such problems, having the

strongest economy in Europe. While much of its population is too young to remember the inter-war period the elder statesmen of the Bundesbank probably do remember.

The Bundesbank is Germany's equivalent of the Bank of England, and it recently introduced measures designed to prevent inflationary pressures building up—proving that when your inflation rate is under three per cent, problems can still lie ahead.

This cautious attitude of the central bank is probably at variance with government thinking in Bonn at the moment, where any moves which may set back the economy are not welcomed, partly because they could lead to criticism from abroad.

The reason is that strong economies give rise to strong currencies, and the Deutschmark has risen very sharply against the dollar over the last year or so. Although this helps to keep down German inflation, the country's manufacturers have felt that their exports were meeting unfair competition, and this is a major reason behind the Bundesbank's intervention in the foreign exchange market to support the dollar.

The central banks in Japan, Switzerland and several other European countries have been in a similar position, and their total intervention was \$550 billion during 1978, of which Germany did \$24 billion and Switzerland \$13 billion.

This buying of dollars not only swells the foreign currency reserves of the central bank, it also begins to leak out into the domestic banking system, increasing the liquidity of the commercial banks. Hence the worry about importing US inflation.

This surplus liquidity pushes down interest rates and encourages industrial expansion, but it also increases the domestic money supply alarmingly. Strong economic growth and a sharp rise in money supply is likely to lead to an unwelcome inflationary spiral.

Germany's money supply rose by 11.5 per cent last year, compared with an official target of eight per cent. In the last three months of 1978 it was growing at an annual rate of 14 per cent, and the Bundesbank has decided that something must be done. It has therefore raised one of its key borrowing rates, the Lombard Rate, four per cent from 3.5 per cent, and increased the reserve requirements of the banks, thus taking money out of circulation.

These moves will not be without problems either, since higher interest rates may encourage the movement of more capital into Germany, and push up the value of the mark.

Switzerland's problem looks even worse, with the basic money supply growing at an annual rate of 17 per cent last year, against a target of five per cent. The difference, however, is that compared with Germany Switzerland's economic performance is sluggish, and inflation is therefore less of a worry.

This has been illustrated in the

difference in emphasis between men fearing inflation, even though the present level is only 2.4 per cent, while the Swiss, with an inflation rate even lower at 0.7 per cent, are more afraid of the consequences of too strong a currency.

In recent weeks German officials have tended to suggest that support for the dollar will have to be moderated, while the Swiss have eased some of their currency restrictions, as an indication that they feel the worst period of upward pressure on the Swiss franc has passed.

Elsewhere in Europe central banks are watching interest rates very closely. Before the move by Germany to increase rates, there were signs of an easing of conditions in various countries.

The measures introduced by the Bundesbank are unlikely to change anything in other countries in the short-term, but since all Common Market currencies except sterling are soon to be linked, any further easing of monetary conditions may prove short-lived.

Germany's inflation rate is much lower than most of its EEC partners, and if the linking of currencies through the European Monetary System is to succeed, then interest rates in Paris, Milan, Dublin, Brussels, and Amsterdam, will have to be much higher than in Frankfurt.

The only final answer is a reduction of everyone's inflation rate to somewhere nearer the German level, but that still looks some way off. The latest figures from Paris show French inflation at 9.7 per cent in 1978, compared with nine per cent a year earlier.

Financial Times
News-Features

Bright future for Ruhr coal industry

ESSEN, West Germany — This coalminer from the Ruhr industrial region of West Germany has every reason for looking cheerful: it has been such a cold winter that power stations in West Germany have bought more domestic coal and East Germany too has bought extra Ruhr coal to fuel power stations and meet demand. Long-term prospects look good too. The International Energy Agency, Paris, says in its first survey of long-term demand that even if economic growth is slow, both industrialised and Third World countries will need to mine more coal by the end of the century to meet demand. W. Germany has Western Europe's largest domestic reserves but is expected to be a net importer by 1990. (DAD)

Dancer to director

By Clement Crisp

Lynn Seymour, one of Britain's leading ballerinas for the past two decades, has already made her mark as a choreographer of note. Now her career takes another new turn with her appointment as artistic director at the Bavarian State Opera in Munich.

Marte, a young design student from the Slade School of Art, and Bob Downes, a musician who had made considerable study of Japanese flute music. The result was a gripping drama, emphasised by fine performances that Seymour stimulated from her cast.

But an arrangement between Covent Garden and Munich has been announced allowing Seymour to continue dancing with the Royal Ballet as far as her new duties will permit. The Royal Ballet has, after all, been the cradle and the framework for her talent—a talent which has been hailed as one of the most inspiring in Britain's national ballet.

But this new development in Seymour's career comes at a crucial time. For anyone who, like me, has watched her from her first performances when, as a radianly beautiful girl of 18, she made her mark in Kenneth MacMillan's "The Burrow" in 1958, there comes the sudden shock of realising that she is now in her late thirties.

All dancers—ballerinas most of all—are realists. They know that after 20 years performing at the very peak of their chosen calling, the body must inevitably start to fail, no matter how great their artistry.

It is a tragedy for dancers that as they grow older and their interpretative gifts increase and are enriched, their physical prowess, the brute tendons and muscles, start to decline. On occasions ballerinas have said to me as they enter their forties: "I've still got about five good years left, but after that..."

For them, for any great dance artist at this age, there comes the moment of assessing the future, of balancing gifts, genius and popularity against the demands of their art on purely physical terms.

A few ballerinas, with care, may dance fruitfully into their fifties: Ulanova, Danilova, Markova. Plisetskaya continued to give valid performances at that age. Others continue longer still, and what the public then sees is a mere travesty of former greatness, as the artist loses all conscience about standards previously established.

For Lynn Seymour there has inevitably been an awareness that a dancer's career must end, and that something equally creative must replace it. Hence this move to Munich (a parallel with her contemporary, and great friend, Maria Haydee who directs the Stuttgart Ballet and combines this with a continuingly splendid dance career). Hence, too, the fact that two years ago Seymour branched into choreography and, in her first workshop ballets demonstrated an ability to make dances of clear expressive merit.

Her first professional work was for the Sadler's Wells Royal Ballet—it had long been a policy for this smaller section of the Royal Ballet to offer opportunities to young and debutant choreographers. Seymour's "Rashomon" showed that she was a choreographer of unquestioned ability.

Treating in vivid and erotic dance terms the theme of Kurosawa's celebrated film, "Rashomon" was an instant success. It was a work of clear personal style, illuminated also by the fact that Seymour had made a fine choice of collaborators in Pamela

Lynn Seymour as Mary Vetsera dancing in Kenneth MacMillan's "Mayerling" at the Royal Opera House.

aspects of Seymour's own genius as a ballerina. She has ever been a dancer in whose style meaning blazes through the dance. Her movement is lyrical, beautifully rounded, musical to its very core, and with a totally compelling emotional drive to it.

Her first created role, the girl in "The Burrow", was made for her by Kenneth MacMillan. Thereafter, she has been MacMillan's muse, the central figure in many of his ballets and the justification for his choreography. Her dancing, with its expressive fervour, has been celebrated in such superb works as "Romeo and Juliet" (she created the role of Juliet, and MacMillan made it the motive-force of the ballet), and "Anastasia" (in which her incarnation of the Romanov Grand Duchess and the tormented figure of Anna Anderson is danced acting without parallel in ballet today).

In 1961 MacMillan first showed something of her range as the young girl, the pitiful victim of rape, in "The Invitation". Today Seymour still dances the role with total conviction, but she also on occasion assumes the part of the wife, bringing to it a magnificent compassion. In "Manon" she rivals Makarova, who is the only ballerina able to match her dramatic power; and in MacMillan's

most recent "Mayerling" performance as Mary Vetsera she has been called the most exciting and physically demanding of our time.

Yet Seymour is also one of the most graceful—a fact often overlooked. Sir Frederick Ashton has made for her the role of the "Two Pigeons" in "The Two Pigeons" as again paid tribute to her gifts in 1977 when he made her the capricious and Natalie Petrova in "A Midsummer Night's Dream".

In Ashton's brief essay Duncan—"Five Dances in the Manner of Duncan"—there is a clear similarity between Seymour and Isadora. The dancer exact—not precise—in her steps, but absolutely sound in spirit.

Many other choreographers have worked with Seymour, interpretations of the classic re-tellings—Giselle and Odette/Odile have been treasured for their beauty. It is this wealth of experience, this truly creative Seymour, brings to her appointment.

She also brings—and someone who has known Ninette de Valois and Margot Fonteyn and Seymour's colleague, Rudolf Nureyev, have

calibre. Munich is



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PREDICTION FOR SATURDAY, FEB. 17, 1979

Your DAILY HOROSCOPE

in the CARROLL RIGHTER INSTITUTE

GENERAL TENDENCIES: Don't take any chances by running with others today. Instead, analyze and think out course of action whereby you will be able to get right into a situation where confusion exists.

TAURUS (Mar. 21 to Apr. 19) Be sure not to neglect any pressing bills at this time. Contact congenials and engage your favorite hobby.

AURUS (Apr. 20 to May 18) Show more cooperative spirit with your associates and you have greater mutual success. Keep out of trouble as much as you can.

JEMINI (May 19 to June 21) Conduct regular routines in a normal fashion without making any changes for best results today. Be less critical of others.

MOON CHILDREN (June 22 to July 21) Study a plan whereby you can advance in your line of endeavor.

LEO (July 22 to Aug. 19) Don't be too demanding at home and maintain harmony there. Take time to garner data you need for a new project.

IRGO (Aug. 22 to Sept. 22) Make long-range plans for future that will give you added income. Join good clubs for recreational purposes later in the day.

LIBRA (Sept. 23 to Oct. 22) Make sure you don't take any more responsibilities than you can afford. Make necessary repairs to property.

CORPIO (Oct. 23 to Nov. 21) Contact the right people going after personal aims. Handle private duties early so you'll have time for recreation later.

AGITTARIUS (Nov. 22 to Dec. 21) Make constructive plans for the future after you have conferred with an adviser you can trust. Avoid an opponent.

APRICORN (Dec. 22 to Jan. 20) Use tact with a determined friend or you could get into trouble with this person. Take needed health treatments.

QUARUS (Jan. 21 to Feb. 19) You have to act wisely in public today to avoid any kind of trouble. Sidestep one who is hypocritical. Be wise.

ISCES (Feb. 20 to Mar. 18) Study every phase of new interests you have in mind before actually taking part. No risks with your reputation now.

OPEN BRIDGE

CHARLES H. GOREN AND OMAR SHARIF
Courtesy of Chicago Tribune

Neither vulnerable, as you hold:

♦KQ104 ♦7 ♦KJ83 ♦A752

The bidding has proceeded:

West: North East: South: Pass: 1 ♠ Pass

Pass: Pass: ? -

What action do you take?

It is not our practice to let opponents play unopposed one-level. Here the auction started North with some West passed originally.

It looks as if East made a opening bid in third seat, and hope for undertricks at 100 each.

Q.7 - As South, vulnerable, old:

♦AJ1072 ♦J ♦AK53

The bidding has proceeded:

East: South: West: Pass: 2 ♠ Pass

Pass: ? -

What do you bid now?

You are in slam territory, having made a "high" in such situations, it's best to set the trump suit as quickly as possible. However, do no more than rebid spades. Partner will get passage about the strength of hand when you cue-bid to club suit at your next

action.

Q.7 - As South, vulnerable, old:

♦KJ104 ♦QJ ♦J6 ♦AKQJ6

The bidding has proceeded:

North: East: South: Pass: 1 ♠ Pass

Pass: ? -

What do you take?

As this is a matter of simple arithmetic, you have 18 points in high cards, and partner should have at least 19-20 for his reverse and jump in no trumps. You will probably be missing at most a queen, and, in addition, you have a running five-card suit. To bid anything less than seven no trump would be the height of conservatism.

As South, vulnerable, old:

♦QJ2 ♦83 ♦QJ7643 ♦A4

The bidding has proceeded:

North: East: South: 2 ♠ Dbl. ?

What action do you take?

If your partner is well informed, he will know what to do. Partner should have seven no trump, and there is a chance that he has a fit for weak diamond suit. Indeed, partner takes to have some East's double suggests shortness; and there are a few hearts missing. It is quite likely that he is short in diamonds.

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